DOCUMENT RESUME

ED 155 443 CE 016 954

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TITLE	Computing Cash Discounts. Student's Manual and Instructor's Manual.
INSTITUTION	Clemson Univ., S.C. Vocational Education Media Center.
SPONS AGENCY	South Carolina State Dept. of Education, Columbia. Office of Vocational Education.
PUB DATE	77
NOTE	17p.; For related documents see CE 014 491 and CE 016 911-989
AVAILABLE FROM	Vocational Education Media Center, 10 Tillman Hall, Clemson University, Clemson, South Carolina 29631 ($160.00 for complete set, including nineteen filmstrips and eight overhead transparencies)
EDRS PRICE	MF-$0.83 Plus Postage. HC Not Available from EDRS.
DESCRIPTORS	Behavioral Objectives; Business Education; Business Skills; *Clerical Occupations; Instructional Materials; *Office Occupations Education; Performance Based Education
IDENTIFIERS	Vocational Technical Education Consortium States

ABSTRACT

Supporting performance objective 51 of the V-TECS (Vocational-Technical Education Consortium of States) Secretarial Catalog, both a set of student materials and an instructor's manual on computing cash discounts are included in this packet. (The packet is the fourth in a set of nine on performing computational clerical activities--CE 016 951-959.) The student materials include a student activity, a check-out activity, related sample forms for performing the activities, and a student answer sheet blank. The instructor's manual includes instructions for duplicating forms and other materials related to the activities, a blank invoice form, suggestions for administering the check-out activity, and answer keys for the activities. The materials are designed for self-paced individual instruction and may be adapted for use with large groups. (A separate booklet--CE 016 911--lists contents for the nine packets in this set along with those in several other sets--seventy-eight packets in all--based on the same V-TECS catalog.) (JT)

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ED155443

COMPUTING CASH DISCOUNTS

STUDENT'S MANUAL

Prepared by

Jean Hamer

These materials support
Performance Objective 51 of the
V-TECS Secretarial Catalog

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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CE 010 954

COMPUTING CASH DISCOUNTS

INTRODUCTION

Many businesses offer customers a discount for prompt payment of their account. This procedure is advantageous to the seller and to the buyer. The vendor collects the money earlier and can re-invest it in merchandise or save money by paying bills early. The buyer saves money by prompt payment and can make a greater profit on sales.

The work "Terms" states the date by which the buyer must pay bills in order to save cash. These terms vary from one company to another. Some companies offer "2/10, N/30"; some offer"1/10, N/60". The term 2/10, N/30 means that if the customer pays a bill within the ten-days after the date on the invoice, a deduction of two percent discount may be taken; N/30 means that the "Net" of total bill is due at the end of thirty days.

DIRECTIONS

After reading the objectives below, if you need practice in figuring cash discounts, turn to Student Activity I and complete the problem.

or,

If you are ready to figure discounts, proceed to Check Out Activity I and complete the activity.

OBJECTIVES

Given ten invoices with varying cash discount terms (2/10, N/30) and a calculator, compute the allowable cash discounts and determine the net amount of each invoice. Calculations must be 100% accurate for acceptable performance.

STUDENT ACTIVITY I

EXPLANATION

A cash discount is a deduction allowed on goods purchased if they are paid for within the stated terms on the invoice.

A bill dated January 18 for $650 was received on January 20. The terms stated on the invoice were 2/10, N/30. If the bill is paid on January 28, find the amount due.

First, you need authorization to pay the bill. In the left corner of the invoice written in ink are the initials of the person who gives you authority to pay the bill and the date on which to pay the bill.

You then count the days from January 18 to January 28, beginning with the day after January 18. You are allowed to take the 2 percent discount, which is computed this way:

$650	
x.02	rate of discount
$13.00	= amount of discount allowed

$650.00	
- 13.00	amount saved by prompt payment
$637.00	net amount due

SWANN'S ATHLETIC CO.
COLUMBIA, SC 29201

Telephone (803) 573-8085
Date 1/18/7-

Sold To: Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Our Order No. 123
Cust. Order No. 65

Terms 2/10, N/30

Shipped Via Truck

Quantity	Description	Unit Price	Total
10 crtns.	Paper bags, 40 lb. size	10.00	100.00
1 dozen	Baseball bats No. 45	65.00	65.00
1 set	Swinger Golf Clubs No. 760	300.00	300.00
1 set	Child's Golf Clubs, Liteflite	85.00	85.00
1	Pingpong Table No. 12	100.00	100.00
			650.00
		Less 2% discount	13.00
		Net	$637.00

Part 1/28 PB

STUDENT ACTIVITY I

COMPUTE THE AMOUNT OF CASH DISCOUNT AND THE NET AMOUNT IF ALL BILLS WERE PAID WITHIN THE DISCOUNT PERIOD

	AMOUNT OF BILL	TERMS	CASH DISCOUNT	NET AMOUNT DUE
1.	$ 240	5/10, N/30		
2.	$ 650	1/10, N/30		
3.	$7500	2/10, N/60		
4.	$3500	4/10, EOM*		

*EOM = end of month, pay net amount

FIGURE THE DUE DATE FOR EACH INVOICE

	DATE OF INVOICE	TERMS	DUE DATE
5.	June 7	2/10, N/30	
6.	April 28	2/5, N/30	
7.	August 15	2/10, N/60	
8.	September 19	2/10, N/30	
9.	December 27	2/15, N/EOM	
10.	November 22	2/10, N/30	

Ask your instructor to evaluate your performance, then, proceed to Check Out Activity I.

CHECK OUT ACTIVITY I

Directions: On the following pages you will find ten invoices approved for payment. Examine the ten invoices. Then, use the student answer sheet to figure and record the following information.

(1) The invoice number
(2) The amount on the invoice
(3) The percent of discount offered
(4) The amount of discount taken
(5) The net amount of the invoice

If available, use a calculator to figure your computations. Also, if you type ask your instructor if you may type the invoices in their completed form.

VALLEY ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 46

Telephone (803) 573-8285

Date 1/15/7-

Sold To: Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Our Order No. 126

Cust. Order No. 82

Terms 1/10, N/30

Shipped Via Coast Line Freight

Quantity	Description	Unit Price	Total
2 doz.	Golfers Gloves, ladies, assorted sizes and colors	35.00 doz.	70.00

Pay 1 dzn. 24 PB

SWANN'S ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 59

Telephone (803) 573-8085

Date 1/20/7-

Sold To: Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Our Order No. 148

Cust. Order No. 32

Terms 1/10, N/30

Shipped Via Johnston's Freight Line

Quantity	Description	Unit Price	Total
12	Pigskin Footballs, regulation size	6.50 ea.	78.00

Pay Feb. 1 PB

McIVER ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 78

Telephone (803) 573-7083

Date 1/25/7-

Our Order No. 150

Cust. Order No. 21

Shipped Via Our Truck

Sold To:
Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Terms 1/10, N/30

Quantity	Description	Unit Price	Total
1	Ping Pong Table, regulation size	48.50	48.50
1 doz.	Ping Pong Balls	17.50 doz.	17.50
			66.00

Paid Feb. 1 PB

SWANN'S ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 175

Telephone (803) 573-8085

Date 1/3/7-

Our Order No. 189

Cust. Order No. 93

Shipped Via UPS

Sold To:
Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Terms 3/10, N/30

Quantity	Description	Unit Price	Total
1 doz.	Baseball Bats, No. 182	35.50 doz.	35.50
6	Baseball Mitts, large	6.25 ea.	37.50
2 doz.	Baseballs, No. 183	24.00 doz.	48.00
			121.00

Paid Jan. 17 PB

SWANN'S ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 183

Telephone (803) 573-8085

Date 1/17/7-

Our Order No. 48

Cust. Order No. 16

Shipped Via Freed Truck Lines

Sold To:
Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Terms 2/10, N/30

Quantity	Description	Unit Price	Total
6 doz.	Free Flite Balls	15.00 doz.	90.00
1 pr.	Golf Shoes, 9½ W, Brown 19854	24.50 ea.	24.50
1 doz.	Hand Towels, assorted colors	12.75 doz.	12.75
			127.25

Pay Jan. 21 PB

SWANN'S ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 186

Telephone (803) 573-8085

Date 1/15/7-

Our Order No. 126

Cust. Order No. 82

Shipped Via Truck

Sold To:
Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Terms 1/10, N/30

Quantity	Description	Unit Price	Total
2 doz.	Golfers Gloves 2256, Assorted sizes and colors	35.00 doz.	70.00

Pay Jan. 30 PB

McIVER ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 198

Telephone (803) 573-7083

Sold To: Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Date 1/10/7-

Our Order No. 146

Cust. Order No. 39

Terms 2/15, N/30

Shipped Via Coast Line

Quantity	Description	Unit Price	Total
1	Ping pong table, reg. size No. 257	75.00	75.00
1 doz.	Ping pong balls	6.00 doz.	6.00
1 doz.	Ping pong bats	25.00 doz.	25.00
			106.00

Pay Jan. 23 PB

SWANN'S ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 234

Telephone (803) 573-8085

Sold To: Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Date 1/16/7-

Our Order No. 151

Cust. Order No. 89

Terms 2/10, N/60

Shipped Via Greyhound Bus

Quantity	Description	Unit Price	Total
5 doz.	Baseballs, regulation size	34.50 doz.	172.50
1 doz.	Fielders Gloves	52.00 doz.	52.00
1 doz.	Catchers Mitts, No. 56	8.50 ea.	102.00
			326.50

Pay Jan. 22 PB

SWANN'S ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 236

Telephone (803) 573-8085

Sold To
Jost & Taylor Sporting Goods Co
904 Main Street
Clio, SC 29525

Date 1/7/7-

Our Order No. 188

Cust. Order No. 23

Terms 3/10, N/30

Shipped Via Major Van Lines

Quantity	Description	Unit Price	Total
6	Golf caps, assorted sizes & colors No. 795C	2.50 each	15.00
2 doz.	T-Shirts, assorted sizes, white, No. 131	25.00 doz.	50.00
			65.00

Pay Jan. 15 PB

VALLEY ATHLETIC CO.
COLUMBIA, SC 29201

INVOICE 246

Telephone (803) 573-8285

Sold To
Jost & Taylor Sporting Goods Co.
904 Main Street
Clio, SC 29525

Date 1/3/7-

Our Order No. 128

Cust. Order No. 43

Terms 2/10, N/30

Shipped Via Helms Truck Line

Quantity	Description	Unit Price	Total
1 doz.	Rubber balls, No. 134	6.50 doz.	6.50
6	Sweat Shirts, assorted colors, size 6	17.50 doz.	8.75
3 doz.	Sweat Shirts, assorted colors, size 4	15.00 doz.	45.00
			60.25

Pay Jan. 11 PB

STUDENT ANSWER SHEET

CHECK OUT ACTIVITY I

Invoice No.	Amount on Invoice	%	Amount of Discount	Net Amount
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

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INSTRUCTOR'S MANUAL
COMPUTING CASH DISCOUNTS

Review the module carefully before beginning instruction. Then, duplicate the perishables listed below.

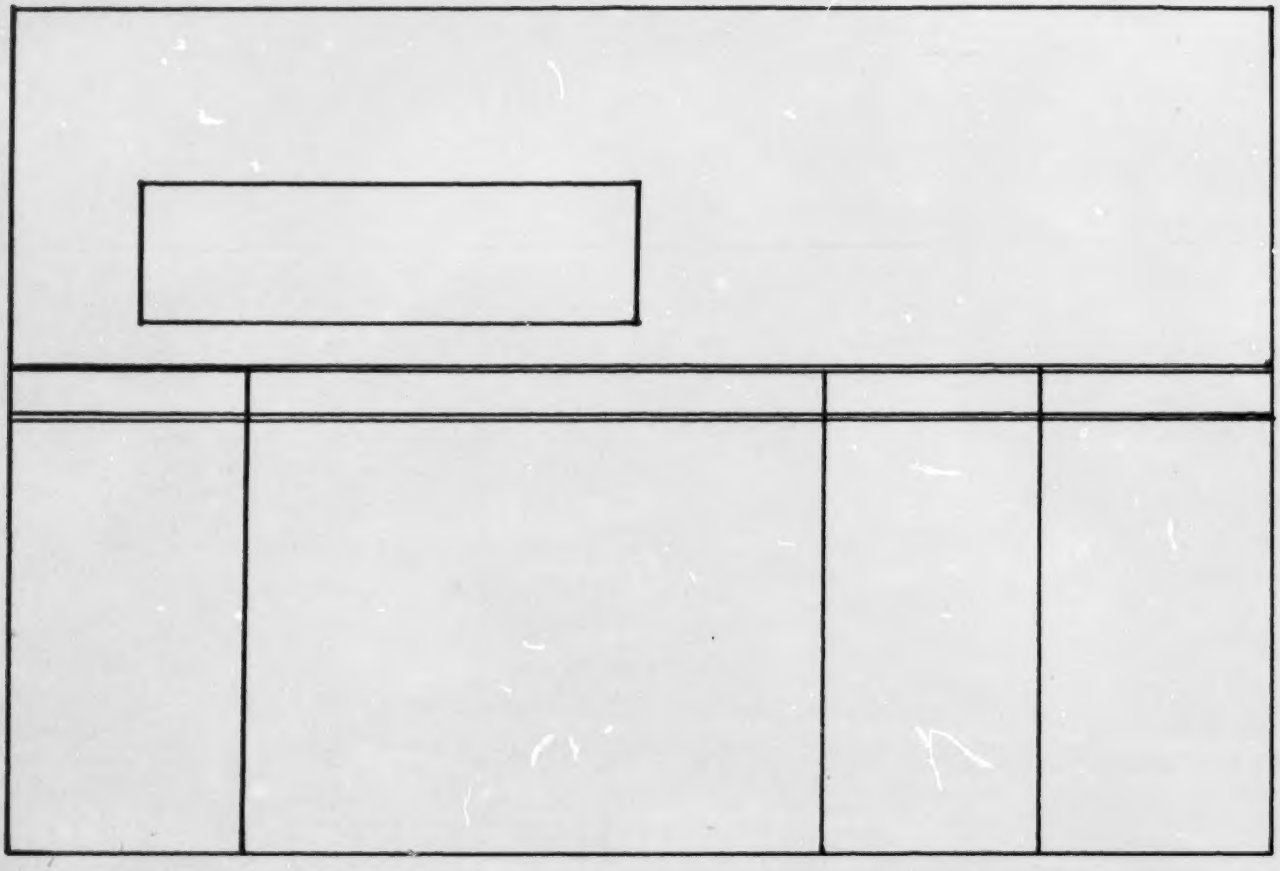
Perishables

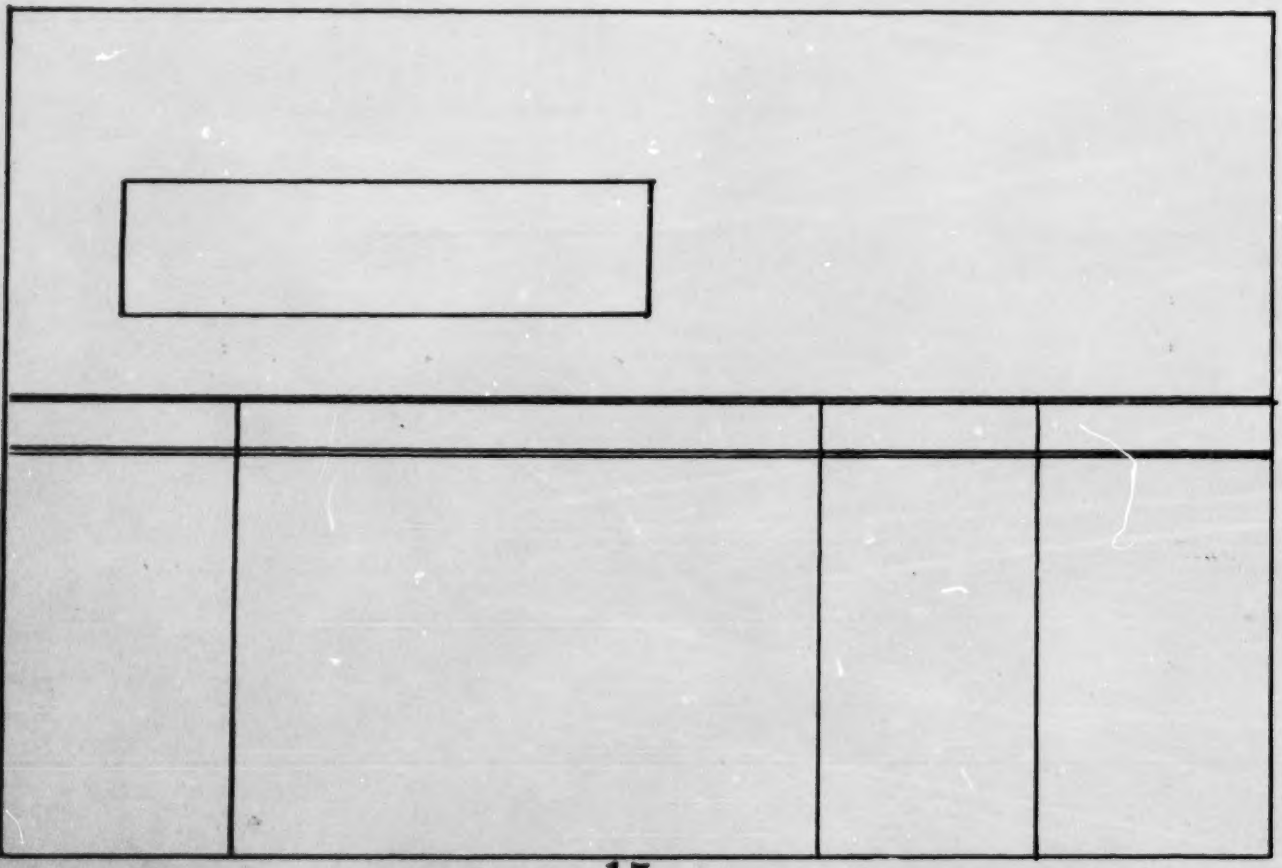
1. Student Activity I – Computing The Cash Discounts and Net Amount Due; Figuring Due Dates
   Problems 1-10

2. Check Out Activity I – Ten Invoices
   Ten partially-completed invoices*
   Student Answer Sheet – Check Out Activity I

*In order to conserve or simplify the paperwork you may not want your students to write on the ten invoices in their module. Instead, you may ask them to type or prepare blank invoices for each customer using the information found on the partially-completed forms.

A blank invoice form is available for duplication. Also keys for Student Activity I and Check Out Activity I are available for you to use when evaluating your students' performance. Encourage your students to type the forms if possible. Also, if calculators are available, encourage their usage.





KEY

STUDENT ACTIVITY I

	CASH DISCOUNT	NET AMOUNT
1.	$ 12.00	$ 228.00
2.	6.50	643.50
3.	150.00	7350.00
4.	140.00	3360.00

	DUE DATE
5.	June 17
6.	May 3
7.	August 25
8.	September 29
9.	January 11
10.	December 2

KEY

CHECK OUT ACTIVITY I

	Invoice No.	Amount on Invoice	%	Amount of Discount	Net Amount
1.	46	$ 70.00	1%	$ .70	$ 69.30
2.	59	78.00	1%	did not pay within period	78.00
3.	78	66.00	1%	.66	65.34
4.	175	121.00	3%	did not pay within period	121.00
5.	183	127.25	2%	2.55	124.70
6.	186	70.00	1%	.70	69.30
7.	198	106.00	2%	2.12	103.88
8.	234	326.50	2%	6.53	319.97
9.	236	65.00	3%	1.95	63.05
10.	246	60.25	2%	1.21	59.04